# Returns on Investment of a Family Resource Center to the Child Welfare System

Estimates from a Quasi-Experimental Study from the Western United States



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## Introduction

Family Resource Centers (FRCs) are welcoming hubs that provide support, services, and opportunities for families using a strengths-based, family-centered, multi-generational approach. They offer resources like food pantries, utility assistance, parenting classes, peer support, and family development. FRCs help families build on their strengths and connect them to resources so they can sustainably meet their needs.

FRCs often partner with local child welfare agencies to prevent maltreatment, from providing primary prevention services to supporting families with open child welfare cases and post-reunification. ii Child maltreatment affects at least one in seven children in the United States annually iii and the majority of child maltreatment cases include neglectiv that often results from challenges accessing key resources such as food, clothing, shelter, medical care, or adult supervision. FRCs connect families to essential economic and concrete resources, which in turn, reduces the burden of poverty and reduces welfare system involvement. vi What's more, given the long history and ongoing system of policies that perpetuate inequities for families of color in child welfare, investing in community programs like FRCs that support families in meeting their basic needs can be an effective anti-racist child neglect prevention strategy.ix

FRCs also enhance relational health by supporting positive relationships *within* families (such as enhancing social supports, and nurturing and attachment) and connection and belonging *across* families through involvement with peers, neighbors, and communities. FRCs employ strengths-based practices that foster protective and promotive factors amongst families, thus reducing risk of child maltreatment. Studies estimating the return on investment of FRCs to local child welfare systems can help advance our understanding of the important role that these community-based services play for families.

This study illustrates a method for quantifying potential savings from investment in one FRC that is a member of the local FRC network in a large county in the Western United States. The FRC network is a collective impact initiative made up of 15 FRCs dedicated to strengthening prevention and intervention services to reduce child abuse and neglect. The network serves a county of approximately 3.2 million people adjacent to a major metropolitan area in the Western United States.

The network follows NFSN's Standards of Quality for Family Strengthening and Support viii that detail quality family support practices that are aligned with Family Support America's Principles of Family Support Practice and the Center for the Study of Social Policy's Strengthening Families Protective Factors Framework. In 2021, an evaluation study examined outcomes for the child welfare system across the network. This quasi-experimental study provided the opportunity to use pre-existing data to calculate the return on investment for an FRC within the network.

## Methods

The FRC used for this study was selected from among the participating organizations in the aforementioned quasi-experimental evaluation of an FRC network due to its large service area, diverse community, and close matching of statistically comparable regions. The FRC was founded in 2000 and offers an array of services to serve as a "one stop shop" for community residents to increase knowledge and gain access and linkage to familyfriendly, strength-based support systems. The FRC is centrally located in a city that is home to approximately 91,000 residents. During the FRC's 2016-17 fiscal year, 75% of individuals who participated in services at the FRC identified as Hispanic or Latino, 13% identified as Asian, 8% identified as Caucasian or White, and 4% identified as another race or ethnicity. The majority (83%) of individuals who participated in services reported family income of less than \$50,000 per year, and 46% of families received food stamps.xi

We leveraged the quasi-experimental design used in the prior study of the FRC network. Specifically, in the evaluation, child welfare outcomes were examined within an FRC's service area, which was defined as the census tracts<sup>xii</sup> in which at least 1% of households were served by the FRC. For the FRC, 11 census tracts made up the service area, and the FRC served 1.77% of households in that area (354 out of 20,002). Of note, 12.2% of families who participated with the FRC could not be matched to a census tract, so this may be a slight underestimate of the FRC's reach in the service area.

Once an FRC's service area was defined, comparison areas from neighboring counties were statistically matched to each service area based on ten community-level indicators related to child maltreatment (e.g., percent of children in families with incomes below the poverty level; unemployment rate). Twelve census tracts from

another comparable country were matched to the FRC's service areas and these 12 census tracts served as the comparison area.

This statistical matching method was used to compare child welfare outcomes for the FRC's service area to a demographically similar area not served by an FRC over the course of two years (2016 and 2017, the most recent years for which complete data were available). These comparisons became the basis for the return on investment examined in this study.

To calculate the return on investment of an FRC for the child welfare system, we used a *social* return on investment (SROI) model. SROI describes the impact of a program or organization in dollar

terms relative to the investment required to create that impact.xiii SROI studies often examine a broad range of costs and benefits, including social, environmental, and economic, that could influence individuals, communities, and society as whole.xiv

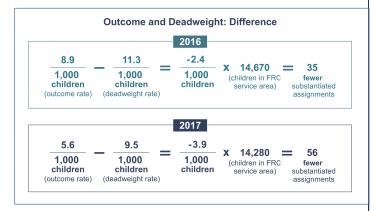
Because we were focused on benefits for the child welfare system in particular, we only considered those sectors' outcomes. We excluded savings or increased expenditures in other social systems that may result from child maltreatment (e.g., educational, criminal justice, and health

care costs), as well as other societal benefits (e.g., productivity).  $^{\!\scriptscriptstyle \rm XY}$ 

Using the framework provided by the New Economics Foundation, wi we specified our SROI model as follows:

In this study, all calculations were conducted for each year for which data were available (2016 and 2017), and the final return on investment is the average of these two years' estimates.

Outcome and Deadweight. In this study, the outcome of child maltreatment is indicated by the population-adjusted estimated rate (per 1,000 children) of substantiated assessments in the FRC's service area (i.e., the 11 census tracts served by the FRC) in 2016 and 2017. Deadweight is represented by the estimated rate of substantiated assessments in the comparison area (i.e., the 12 matched census tracts) in 2016 and 2017. Substantiated assessments refer to children who are experiencing verified cases of abuse and neglect and are one of the major sources of costs to child welfare systems across the country.\*



To calculate the difference in rate of substantiated assessments, we subtracted the calculated Deadweight rates from the Outcome rates. These differences in rates were then multiplied by the number of children in the FRC's service area in a given year, as compiled across the FRC service area

census tracts, xviii to estimate the difference in number of substantiated cases between the FRC's service area and the comparison area, controlling for population differences.

SROI = 
(Outcome of Interest — Deadweight) x Attribution x Monetized Value of the Outcome
FRC Intervention Cost

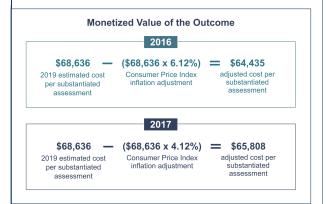
#### Such that:

- Outcome of Interest is reduction in substantiated assessments of child maltreatment;
- Deadweight is the counterfactual number of substantiated assessments that would have occurred in the absence of the FRC;
- Attribution is the share of those substantiated assessments that is attributable to, or results from, the FRC:
- Monetized Value of the Outcome is the child welfare expenditure per substantiated assessment; and
- FRC Intervention Cost is the cost of operating the FRC.

Attribution. Best practices in determining attribution rely on experimental designs or quasi-experimental evaluation designs.xix Considering the lack of guidelines available, we estimated attribution at 50% for the SROI calculations and conducted sensitivity analyses to determine at what attribution rate the net value of benefits would be the same as the net value of investment.

Monetized Value of the Outcome. The monetized value of the outcome was defined as the estimated cost incurred by the child welfare system in

California for each substantiated assessment in 2016 and 2017. Prior research estimates that in 2019, each substantiated assessment in California cost \$68,636 to the child welfare system.\*\* This estimate was developed using the steady-state methodology in which the total annual child welfare costs in one year serve as a proxy for the lifetime child welfare costs of maltreatment cases in that year.\*\* To convert these estimates to 2016-and 2017-dollar values, we used the Bureau of Labor Statistics Consumer Price Index. In 2016, prices were 6.12% lower than in 2019; in 2017, prices were 4.12% lower than in 2019.\*\*



Intervention Cost. The intervention cost is estimated as the total amount of funding the FRC used to provide services for families in 2016 and 2017. In 2016, this total was \$402,745; in 2017, this total was \$408,567; the average across both years was \$405,656. \*\*xiiii\*

### Results

The estimated net value of benefits in 2016 is \$1,127,613; that is, in 2016 the estimated 35 fewer substantiated assessments saved the county child welfare system \$1,127,613 relative to the comparison area. Relative to the net value of the investment in the FRC in 2016, there is a return on investment of 280%, or \$2.80. In other words, for every \$1 invested in the FRC in 2016, the county child welfare system saved \$2.80.



The estimated net value of benefits in 2017 is \$1,842,642; that is, in 2017 the estimated 56 fewer substantiated assessments saved the county

child welfare system \$1,842,642 relative to the comparison area. Relative to the net value of the investment in the FRC in 2017, there is a return on investment of 451%, or \$4.51. In other words, for every \$1 invested in the FRC in 2017, the county child welfare system saved \$4.51.



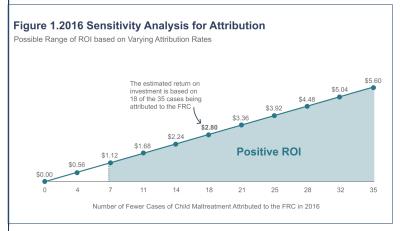
Estimated child maltreatment costs and FRC expenses were slightly higher in 2017 than in 2016; however, the major difference in the 2016 and 2017 estimates are based on differences in the estimated reduction of substantiated assessments in the FRC's service area in those years (i.e., 35 fewer in 2016 and 56 fewer in 2017).

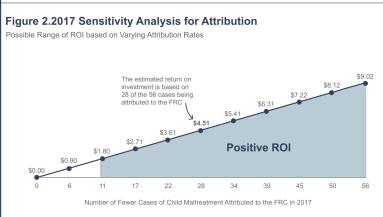
To estimate the overall return on investment, we calculated the average across 2016 and 2017; the average provides a more robust estimate of the return on investment than any one year, as it accounts for fluctuations across years and is therefore less susceptible to potential external influences that could have also contributed to changes in the number of substantiated assessments each year that are not accounted for in these models. Overall, results indicate that there is a return on investment of 365%. That is, for every \$1 invested in the FRC in 2016 and 2017, the county child welfare system saved \$3.65.



Sensitivity Analyses for Attribution. We conducted sensitivity analyses by varying the attribution estimates (between 0 and 100%) in 2016 and 2017. This allows us to identify the minimum number of reduced cases of child maltreatment attributed to the FRC that results in a positive return on investment (at least \$1.01). Results indicated that in 2016 the lowest possible attribution estimate for a positive return on investment is 18% (7 out of 35 cases of child maltreatment) and in 2018 it is 12% (7 out of 56 cases of child maltreatment). That is, if at least seven of the cases of reduced child maltreatment are attributed to the FRC in each

year, there is a positive return on investment to the child welfare system in Orange County.





# Discussion

Family Resource Centers strengthen families by building on their strengths, connecting them to essential resources, and enhancing relational health. XXIV XXV,I This study quantifies the estimated return on investment to a local child welfare system from investment in an FRC, providing valuable economic evidence of the benefit of community-based family support services.

By comparing child welfare outcomes to a demographically similar area in the Western United States that is *not* served by an FRC, these results suggest that the FRC contributes to a reduction in child maltreatment, which in turn provides a cost savings to the child welfare system. These findings estimated a measurable benefit to the local county child welfare system provided by the FRC, with a return of \$3.65 for every \$1 invested across 2016 and 2017. These benefits were found consistently over the course of two years. Further, these preventative benefits were found for an FRC that serves ethnically/racially and linguistically diverse families.

It is important to consider the cost savings identified in this study in the large context of

the economic burden of child maltreatment in the United States. Based on data on substantiated cases of child maltreatment and related fatalities across the country, experts estimate that the economic burden of child maltreatment was \$592 billion in 2018 (the most recently available estimates). xxvi1 Reducing maltreatment not only benefits children, families and communities but also has the potential to save the country billions of dollars and allow for investment in other areas of need, xxvi, and this research suggests that FRCs are one viable pathway for realizing such cost savings.

Findings from this study are also consistent with prior evidence that FRCs generate economic returns to the community; a 2014 analysis found that Alabama's network of FRCs provided a \$4.93 return per dollar spent to the state. This estimate was derived from estimates of the overall direct and long-term social value of 224,316 individual services provided by the

Alabama Network of FRC members, relative to the total funding used to provide those services XXVIII The more narrow focus of this study (examining only returns to the child welfare system, versus the entire state government) and the more rigorous basis for the SROI analysis (quasi-experimental versus observational) helps us build a more robust understanding of this return.

However, there are a number of limitations inherent in the approach of using a prior quasi-experimental study of a network of FRCs as the foundation for our analyses:

• Ideally, we would have been able to examine child welfare outcomes for families served directly by the FRC and similar families who were not. Because these data were not available, we relied on data from the evaluation that used the most proximal community level available (i.e., census tracts). Although the identified comparison areas were matched based on a series of community-level indicators known to relate to risk of child maltreatment, the evaluation could not account for potential ecological differences between the FRC service areas in the county and the comparison areas (e.g., child welfare policies in how substantiations are determined) that may be partially responsible for differences in substantiations across communities.

There is not clear guidance on best practices in estimation of attribution in SROI models, even in the context of quasi-experimental evidence. xxix In the absence of specific information to guide our estimate, we used 50% because it is the midpoint of the possible attribution (ranging from 0 to 100%). Sensitivity analyses suggested that the return on investment is positive if the attribution rate is greater than 14%, but lower attribution rates return lower estimates of this return.

Lastly, FRCs are as diverse as the communities that they serve. This study estimated the impact of one FRC in one county in the Western United States and may not be generalizable to other communities; thus, this analysis should be considered as a demonstration of the possible return on investment that this type of family support can provide.

Despite the limitations of this case study, these findings contribute to a growing body of research on the benefits of FRCs for their communities. xxx Specifically, they provide support for the economic benefits that an FRC can provide to a local child welfare system by reducing incidences of child maltreatment. This research also provides evidence for anti-racist policy recommendations to make broader investments in community-based prevention programs that can strengthen families and prevent them from becoming known to child welfare in the first place.xxxi

Future research that estimates cost-savings to the child welfare system in other localities and contexts will help the field better understand the economic contributions of FRCs in preventing child maltreatment.

To support these efforts, FRCs, networks, and states should try to directly link data systems that would allow tracking of service provision by FRCs and child welfare outcomes over time. In the meantime, the findings here suggest that in one county, an FRC provides a meaningful return on investment to the child welfare system, with a return of \$3.65 for every \$1 invested over a twoyear period.

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